

31 December 1979

MEMORANDUM

SUBJECT: Current Situation In Iran

The crisis in Iran represents an attempt by Ayatollah Khomeini and other Iranian extremists to further radicalize the Iranian revolution. Khomeini, a narrow minded and negative thinking leader, has not waived in his demand for the return and trial of the Shah as well as the return of the Shah's wealth. It is clear that his objective is to purge the country of all American influence, prevent the return of the Shah or his son to power, and discredit the US and the Shah in the eyes of the world. Although Khomeini's advisors appear to be advocating an international tribunal to "try" the US for its former role in Iran and denounce the Shah for his crimes, there is little evidence that such a trial will placate Khomeini and deflect him from his insistence on the Shah's return. ☐

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Khomeini will continue to take the offensive against the US until he feels he has won a victory for Islam over its former "oppressors." No amount of pressure from abroad or sanctions by the US are likely to make him retreat from his position because he feels he represents Islam and he feels martyrdom is preferable to its defeat. ☐

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Opposition to Khomeini's stand on the hostage crisis is divided and ineffective. Ayatollah Shariat-Madari appears to oppose the continuation of the crisis, but remains unwilling to force an open break with Khomeini. Members of the Revolutionary Council who favor a moderate resolution of the crisis are dependent on Khomeini for their position and are powerless to do more than make suggestions in private meetings with the Ayatollah. While Khomeini faces challenges from other opposition groups, he is not now significantly

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threatened by any group capable of removing him from power. The left, while well organized, is fragmented and does not have the strength to seize power. Dissident minority groups have focused on the issue of local autonomy rather than national leadership. The exile community, while becoming more active is still in a nascent state and could present no serious challenge. [REDACTED]

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Ayatollah Khomeini

Khomeini's power is based on his charismatic appeal to the Iranian masses, and his preeminent role in the revolution has given him the authority to suppress rivals. Moreover, he benefits from divisions among his enemies and his ability to play on the factions in his entourage. Although both the forces occupying the Embassy and the Revolutionary Council are ultimately responsive to Khomeini's orders, he has apparently responded to events rather than having directed them. [REDACTED]

Khomeini's continued support of the militants occupying the Embassy in Tehran reflects his belief that the hostage crisis has struck a major blow at what he believes to be the US intention to restore the Shah to power and thus continue the American domination of Iranian political and economic affairs. Khomeini also apparently regards himself as a spokesman for the "oppressed" --the lower classes not only of Iran but of all Islamic nations. Khomeini believes that the continued occupation of the Embassy in Tehran has the support of the oppressed and is unlikely to retreat in the face of pressure from abroad. [REDACTED]

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There has been no moderation of Khomeini's views. He has remained firm in his insistence that the only resolution to the crisis lies in the US returning the Shah to Iran and he has increasingly identified the US with the Shah as the source of Iran's ills. He also wants the Shah's fortune, which he regards as the plundered wealth of the Iranian masses, returned. [REDACTED]

Khomeini is basically a rather simple man. His themes-- anti-West, anti-US, anti-Shah, and pro-Islam--have not changed the past year and indicate that he knows what he does not want, but is in favor of very little. When he eventually has to face up to Iran's economic and political problems, he will either have to delegate authority to someone without his own narrow religious focus and background or have the country fall deeper into chaos. [REDACTED]

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The Revolutionary Council

Although there are significant rivalries among Revolutionary Council members, at present the relatively moderate members appear to be in the ascendancy. The members are more open than Khomeini to the force of international opinion and conscious of the damage to Iran's interest brought about the the continuation of the crisis. They are, however, entirely dependent upon Khomeini for power and position. While many Council members have small private "armies," none has a significant independent power base. []

Ayatollah Beheshti is Khomeini's chief aide and head of the Revolutionary Council. He appears to be Khomeini's link to the Council and his mouthpiece. Beheshti has also been the only power figure who has confronted the students and not lost his position. []

Foreign Minister Ghotbzadeh has access to Khomeini and keeps up a continuous dialogue with the Imam but clearly has no power to make policy himself. The Imam may be using him as a spokesman for new ideas to test public and student reaction. []

Former Foreign Minister Bani Sadr is now Minister of Finance and the Economy. Although he still has access to Khomeini, he clearly has no influence in government affairs at the present time. He is running for the presidency, apparently not as the Islamic Republican Party candidate. Former Foreign Minister Yazdi is now Khomeini's advisor and representative to the minorities. []

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The Revolutionary Council clearly has no power to enforce any decisions and exists primarily as a rubber stamp for Khomeini. The Council has taken no active role in trying to run the country or trying to keep the economy functioning. []

The Islamic Militants

The forces occupying the Embassy in Tehran are apparently a group of young Islamic militants and leftists organized around a radical group called the Hezb-eh-Allah, initially formed in the late 1960s and now competing with other radical groups for recruits among students. They have rejected the authority of the Revolutionary Council and would follow only an unequivocal statement from Khomeini himself on the disposition of the hostages. The captors' power is based solely on their continuing control of the hostages. []

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C [] factionalization of the group occupying the Embassy. The best indication of this is the apparently laborious committee debate which appears to precede any decision. These factions are likely to derive from the differences in political orientation and social origins of members of the group, differences of educational background such as those educated in the secular schools and universities and those from the religious educational system, and possibly differences arising from the fact that some militants may have had varying degrees of guerrilla training--some may have been trained by Palestinians in the past. Nevertheless, there are indications that the militant group is ultimately highly disciplined and there is little likelihood that any existing factions could be exploited to achieve a move in the direction of a peaceful resolution of the crisis. The factionalism, in fact, probably has given the most extreme members a veto right over any compromise solution. []

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The crowds outside the Embassy compound have produced two quite distinct fears among the captors. On the one hand, the captors have shown some fear that the crowds might in an excess of zeal come over the walls of the Embassy and take matters into its own hands by killing the hostages. On the other hand, there is some indication that the captors fear losing popular support, which would leave them exposed and vulnerable. Their repeated rejections of moderate positions taken by members of the Revolutionary Council probably reflects not only the substance of their political position, but a tactical attempt as well to stir up the crowd and influence Khomeini himself to continue supporting their views. []

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The Iranian Minorities

Autonomy-minded Kurdish dissidents have been exerting almost constant pressure on the Khomeini regime. Relations between the Khomeini regime and the dissident Kurds are the bellwether of the Islamic Republic's relations with the Iranian ethnic minorities. The regime expects will be compelled to grant to all the minorities any rights given to the Kurds and is modifying its offers to the Kurds accordingly. Other minorities reportedly are tailoring their expectations to the Kurds' demands and success in obtaining them. []

The Kurds, who have achieved substantial autonomy in Kordestan and southern Western Azarbayjan Provinces, have in the last few days rejected the government's proposals for local government. Those proposals generally meet earlier Kurdish demands, but are no longer acceptable, partly because

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the Kurds want details of the proposals written into the constitution and also because Ayatollah Khomeini has not rescinded his statement that the leading Kurdish political figure and the Kurds' spiritual leader are outlaws. Success against the weakened central government may also be heightening rivalries among Kurdish leaders and interest groups, increasing their difficulty in agreeing on negotiators who can be empowered to speak for all the Kurdish factions. [REDACTED]

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Our latest information indicates that Kurdish guerrillas are preparing for renewed fighting against government forces in the northwest. They had been under a self-imposed ceasefire for about six weeks. Their leaders hope to expand the area they now control, but like other minority forces, the Kurds have no interest in military operations outside their homelands. [REDACTED]

As early as March, there were signs of nascent contacts initiated with other Iranian minority dissident groups by the Kurds, but there has been no evidence of effective cooperation that could lead to coordinated uprisings. Fragmentary reporting suggests that the Fedayeen guerrillas may be developing a capability to spark disturbances in minority areas for their own purposes. Accumulated evidence shows that most groups dominating ethnic dissidence in the northwest subscribe to various leftist ideologies. Some of these group's leaders have had longstanding contacts with the USSR. [REDACTED]

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The recent Azarbayjani disturbances, instigated by supporters of Ayatollah Shariat-Madari, indicated that Iran's largest minority is also unhappy with the development of the Islamic Republic. The rapid collapse of the disturbances suggests that dissident organization among the Azaris is not as advanced as the Kurds. Nevertheless, a potential remains for disturbances throughout the northwest. We also have some hints that the Turkomans--occupying the area along the southeastern coast of the Caspian Sea--who won substantial autonomy in clashes earlier this year, have considered another uprising. [REDACTED]

The Khomeini regime declared martial law in Sistan va Baluchestan Province in late December after clashes in the provincial capital resulted in several deaths and injuries. Our evidence is too fragmentary to assess the capabilities of the leftist dissident groups--with longstanding contacts with the USSR and radical Arab states--which expanded operations in the province when the Shah's controls collapsed. Neither

leftist, rightists, or clerical groups are a threat outside Baluchestan, but relatively small, well-organized groups could cut the main road link to central Iran and even deny troops in the area control of the town. [REDACTED]

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The Arabs in oil-rich Khuzestan have been quiet since their spiritual leader was removed to Qom and placed under house arrest there. Sporadic reports indicate continuing sabotage at oil installations and public facilities as well as the infiltration of agents from or trained by radical Arab states or Palestinian groups. Fedayeen members have been noted in the Arab areas and are reportedly very active farther inland in areas occupied by the Qashqa'i, whose lands are centered around Shiraz. [REDACTED]

The Left

The crisis between the US and Iran has permitted the reemergence of Iran's Marxist left after several months of repression and acquiescence. By far the most visible leftist group has been the pro-Soviet, Communist Tudeh Party. It has enthusiastically supported the takeover of the US Embassy as well as Ayatollah Khomeini's new Islamic constitution. [REDACTED]

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The party is functioning openly in Iran now and actively recruiting new members. Although still suffering from an image of subservience to Moscow, the party also benefits from outside support from the USSR and its allies. The Tudeh leader, Nureddin Kianuri, is particularly close to Moscow, and we have had reports that his intimate ties to the Soviets have caused some disenchantment among more independent minded Tudeh members. [REDACTED]

The Tudeh's objective apparently is to serve as the junior partner in a coalition with Khomeini until the party is strong enough to seize power for itself. We suspect that the Tudeh is placing a great deal of effort on recruiting military officers and oil workers. [REDACTED]

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The duration of the Tudeh's tactical alliance with Khomeini depends on the Ayatollah's willingness to tolerate the communists. Khomeini's problem is that he may allow the Tudeh to gain too much strength before he decides to move against it. Some of his advisors--notably Ambassador to Moscow Mokri--are pro-left and are probably encouraging him to continue to tolerate the Tudeh. [REDACTED]

Iran's other leftist groups, including the Peoples Fedayeen or Chariks, have been less visible than the Tudeh but have also increased their level of activity. The Fedayeen

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have been particularly active in supporting minority uprisings against Khomeini especially among the Kurds. As a result, Khomeini continues to try to suppress the Fedayeen. [REDACTED]

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Despite recent gains, the left is split and too weak to challenge Khomeini directly. The independent leftists like the Fedayeen distrust the Tudeh's close ties to Moscow and resent its partnership with the Ayatollah. The Fedayeen, however, are deeply fragmented. [REDACTED]

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For the moment, the independent, armed leftists pose a challenge to Khomeini's security forces, but there is no sign that the various groups are prepared to unify enough to overthrow Khomeini. In the long run, however, the left is in a good position to gain more influence. The left benefits from Khomeini's efforts to radicalize the revolution because the moderate center is weakened. Some secularists are beginning to see the communists as an alternative to Khomeini. The left also gains from the country's economic problems which over time will encourage the lower classes to break with Khomeini. [REDACTED]

Exiles and the Moderates in Iran

At the present time none of the exiles or exile groups pose a challenge to the Khomeini regime in Iran. Most exiles, although perhaps supporting one or more leaders with their money, have not wished to get involved in an organized movement. There are reports that the Iranian middle class in Europe and the US are beginning to believe they must start taking an active role against Khomeini because it is clear now that he will not be ousted from power by moderates as they had hoped. However, there are still no signs of active organization among the exiles. [REDACTED]

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Shahpour Bakhtiar, with a small office in Paris and London, appears to be the only exile leader with an established organization. Bakhtiar has become more active in the last month, traveling in Europe and reportedly to Iraq. Some Iranian businessmen have recently attempted to organize wealthy exiles to support him. Bakhtiar has tried to remain independent of the various exile factions wishing to appeal to all groups and eventually lead a coalition government. [REDACTED]

Aside from some lingering support among his fellow Bakhtiar tribesmen, the intelligentsia is the only group in Iran that seems to seriously support Bakhtiar. He still needs a link with someone inside Iran who is powerful. [REDACTED]

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There are undoubtedly many moderates inside Iran who are displeased with the way Khomeini has handled the hostage situation and the way the country is being neglected and mismanaged. There are reports that the middle class are unhappy with the gradual decline of the economy and their inability to get their industries and businesses back to normal. The moderates are looking around for an alternative to Khomeini, but as yet no one has appeared. In the meantime, there will probably be a gradual radicalization of the moderates and many will find much in common with the leftist opposition.

The Military

Iran has not significantly improved the capabilities of its military forces since the chaos following the revolution. Problems such as a shortage of trained personnel and the limited availability of spare parts cannot be quickly remedied. Moreover, the regime continues to purge the officer corps, further weakening the military.

Selected naval, air, and ground forces, and most Gendarmerie units remain on alert against any US or Iraqi action. Iran has increased its reconnaissance activity in the Persian Gulf and northern Arabian Sea.

Impatience with Iran's clerical leaders may be growing among military officers as more of their number are being retired and as it becomes more difficult to maintain military readiness. The officers, however, would still follow an order to react to an invasion.

The Economy

Tehran's current clash with the US could not have come at a worse time for the Iranian economy. When the US hostages were seized, the economy was again stagnating after having partially recovered from the downswing inspired by the revolution. After a rupture of several months, Iranian relationships with foreign suppliers and contractors were just beginning to improve.

The financial and governmental confusion generated by the US blocking of Iranian assets and the US de facto embargo of exports to Iran is having an adverse effect on trade and other external relationships that will be felt for many months to come. In addition, skepticism about the government's

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ability and willingness to ensure personal security will slow the return of foreign contractors and technicians who are leaving the country. Overall, spinoff from the current crisis is undermining Iran's ability to supply itself while making imports more difficult. Hence, worsening economic conditions are certainly in the cards. The worst of these problems, however, are a few months off. []

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On the surface, life in Iran goes on much as it did before the revolution. The stores appear generally well stocked with the smaller consumer durables. The shortages that are appearing so far are for those items that in general have been in short supply since the revolution. The people do not seem to be deprived, and in fact most are still receiving paychecks even if they do little productive work. The unemployed--which now number between 1.5 and 3 million people, or 14 to 27 percent of the labor force--survive through vending, occasional day labor, handouts from friends, family and the mosque, and the small and ill-administered government unemployment compensation scheme. []

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Despite appearances, shortages of many commodities and unemployment are likely to increase. Industry, which was only operating at around 50 percent of capacity before the current US-Iranian flareup, has been further hampered by the lack of imports. Bank Markazi officials reportedly have stated that 73 percent of Iran's industrial plants are facing severe operating problems, the most major of which is a lack of raw materials from abroad. []

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Shortages of basic food items and long lines in shops already have been reported in Tehran and Shiraz. The Iranian Ambassador to Moscow is seeking increased quantities of food from Romania; he laid the cause of the shortage on economic measures taken by the US. We feel, however, that the current food shortages are probably a result of hoarding, import and financial confusion generated in large part by the Iranians themselves, and an inefficient and disrupted transportation system. An adequate domestic crop and a surge in deliveries to Persian Gulf ports of grain ordered prior to the current crisis indicate that Iranian supplies would be adequate for now. A real crunch will come early next year if foreign deliveries cannot be maintained and domestic supplies reach a seasonally low level. The problem of maintaining food imports is not so much one of lining up alternative supplies as it is arranging payments and deliveries. []

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Prospects

The impact of coercive measures against Iran are likely to be negligible in terms of forcing a moderation in Khomeini's views. The group likely to be influenced by sanctions--the Revolutionary Council--is already aware of the damage done to Iran's interests by the continuation of the crisis. They are now seeking "ammunition" with which to approach Khomeini, and "ammunition" in the form of the threat posed to Iran by coercive measures is likely to have an effect on Khomeini only of bringing out his will to martyrdom. He has already stated that Iran welcomes war with the US. Thus a tactical campaign of coercion as a means of dealing with the hostage crisis would have to be geared to going a step further--namely to try to topple Khomeini from power. [REDACTED]

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Further sanctions, however, would intensify the current economic problems Iran is already experiencing because of its own mismanagement of the economy and political policies. Comprehensive economic sanctions involving a strictly-adhered-to UN trade embargo on all, a freeze on all goods, Iranian financial assets in Western Europe and Japan, and possibly an embargo of Iranian oil exports would begin to bite within one or two months. International cooperation on these moves would be difficult to attain, however, and anything less would probably be ineffective. Foodstuffs, Iran's most vulnerable import, are likely to be excluded from any UN sanctions. Kerosene, heating oil, and diesel fuel might also become critical imports this winter, should Iran experience refinery difficulties. These items, however, might also be excluded for humanitarian reasons. No other imports are likely to prove critical for Iran. As long as Iran has oil income, access to its financial reserves, and open import channels, it can overcome short-term difficulties. The onset of warm weather in the spring and the start of food harvests next summer would further mitigate the impact of the sanctions. [REDACTED]

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